

EXHIBIT C

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15 CANTER & ASSOCIATES, LLC., and
16 LAUREATE EDUCATION, INC.

17 UNITED STATES DISTRICT COURT
18 NORTHERN DISTRICT OF CALIFORNIA

19 CANTER & ASSOCIATES, LLC, and
20 LAUREATE EDUCATION, INC.,

21 Plaintiffs,

22 v.

23 TEACHSCAPE, INC.,

24 Defendant.

Case No.:

COMPLAINT FOR INJUNCTIVE
RELIEF AND DAMAGES

JURY DEMAND

CERTIFICATE OF INTERESTED
PARTIES

25 Plaintiffs Canter & Associates, LLC (formerly Canter & Associates, Inc. and
26 hereinafter referred to as "Canter") and Laureate Education, Inc. (hereinafter referred to as
27 "Laureate") (hereinafter referred to collectively as "Plaintiffs") allege as follows:

JURISDICTION AND VENUE

1. The Court has jurisdiction over this action pursuant to 28 U.S.C. §§ 1331 and
1338, and supplemental jurisdiction over the related state law claims alleged herein

Heller
Ehrman LLP

1 pursuant to 28 U.S.C. § 1367 because they form part of the same case or controversy as the
 2 claims for false or misleading advertising under the Lanham Act and copyright infringement
 3 under the Copyright Act.

4 2. Venue is proper pursuant to 28 U.S.C. § 1391(b), because the Northern
 5 District of California is a judicial district in which a substantial part of the events giving rise
 6 to the claims alleged herein occurred, and because Defendant Teachscape, Inc.
 7 ("Teachscape") has its principal place of business in this judicial district.

8 INTRADISTRICT ASSIGNMENT

9 3. Because this action is an Intellectual Property Action within the meaning of
 10 Civil Local Rule 3-2(c), the action is to be assigned on a district-wide basis.

11 THE PARTIES

12 4. Canter is a corporation organized and existing under the laws of the State of
 13 Delaware, with its principal place of business in Los Angeles, California. Canter is
 14 indirectly owned by Laureate. Laureate is a corporation organized and existing under the
 15 laws of the State of Maryland, with its principal place of business in Baltimore, Maryland.

16 5. Plaintiffs are informed and believe that Teachscape is a Delaware corporation
 17 with its principal place of business in San Francisco, California.

18 FACTUAL BACKGROUND COMMON TO ALL CLAIMS

19 6. Laureate is a leader in the post-secondary education market and offers online
 20 degree programs throughout the United States and internationally. One of Laureate's main
 21 focuses is on the development and marketing of distance-delivered education master's
 22 degree programs and graduate courses for teachers. Canter is a subsidiary of Laureate that
 23 provides such degree programs and graduate courses.

24 7. After approximately April 2004, Teachscape hired, or contracted with, at least
 25 twelve former employees of Canter (collectively "Canter's Former Employees"), including:

26 (1) Valerie Cameron, who was formerly employed by Canter as its
 27 Marketing Manager, Distance Learning Masters Program and who, upon information and
 28

1 belief, afterward was or is currently employed by, or is an independent contractor of,
2 Teachscope;

3 (2) Anna Crupi, who was formerly employed by Canter as its Marketing
4 Manager, Distance Learning Masters Program and who, upon information and belief,
5 afterward was or is currently employed by, or is an independent contractor of, Teachscope;

6 (3) Barbara DeHart, who was formerly employed by Canter as its Program
7 Specialist in Product Development and who, upon information and belief, afterward was or
8 is currently employed by Teachscope;

9 (4) Suddie Gossett, who was formerly employed by Canter as its Distance
10 Learning Masters Field Representative and who, upon information and belief, afterward
11 was or is currently employed by, or is an independent contractor of, Teachscope;

12 (5) Melissa Jaivin, who was formerly employed by Canter as its Vice
13 President, Distance Learning Masters Programs and who, upon information and belief,
14 afterward was or is currently employed by Teachscope as a Vice President, Higher
15 Education;

16 (6) Hae Young Kim, who was formerly employed by Canter as its Vice
17 President, Graduate Courses and who, upon information and belief, afterward was or is
18 currently employed by Teachscope as Vice President, Sales & Marketing, Higher
19 Education;

20 (7) Stacey McNalley, who was formerly employed by Canter as its
21 Director of Enrollment Advisors and Director of Business Development and, upon
22 information and belief, afterward was or is currently employed by Teachscope;

23 (8) Romario Pineda, who was formerly employed by Canter as its Manager
24 of Operations, Distance Learning Masters and who, upon information and belief, afterward
25 was or is currently employed by, or is an independent contractor of, Teachscope;

26 (9) Brenda Pope-Ostrow, who was formerly employed by Canter as its
27 Director, Editorial Services and who, upon information and belief, afterward was or is
28 currently employed by Teachscope;

1 (10) Mike Soules, who was formerly employed by Canter as its Vice
2 President, Business Development and who, on information and belief, afterward was or is
3 currently employed by Teachscape as General Manager, Higher Education;

4 (11) Chip Swalley, who was formerly employed by Canter as its Course
5 Materials Coordinator, Inventory Planning & Fulfillment Services and who, upon
6 information and belief, was or is currently employed by, or is an independent contractor of,
7 Teachscape; and

8 (12) Simone Vilandre, who was formerly employed by Canter as its
9 Distance Learning Masters Field Representative and who, upon information and belief,
10 afterward was or is currently employed by Teachscape.

11 8. Among Canter's Former Employees are several of Canter's long term, key
12 employees who were integral to the development of Canter's education master's degree
13 programs and graduate courses for teachers. While employed there, Canter's Former
14 Employees were instrumental in every aspect of Canter's degree program development,
15 including contract negotiations, partnership development, market research, product
16 marketing, product development, and recruiting efforts with respect to Plaintiffs' teaching
17 degrees and graduate courses.

18 9. Soon after its engagement of Canter's Former Employees, but unbeknownst to
19 Plaintiffs, Teachscape began to develop and market distance-delivered master's degree
20 programs and graduate courses for teachers that appear to be very similar, if not identical, to
21 those offered by Canter. Teachscape's marketing efforts appear to have been directed
22 solely at Canter's long-term university partners. Teachscape had no degree program or
23 graduate course business prior to its engagement of Canter's Former Employees.

24 10. Canter invested years of market research and substantial financial resources
25 into an analysis of the educational marketplace. As part of this investment, Canter
26 developed two three-year strategic plans, with the assistance of some of Canter's Former
27 Employees. The strategic plans contained information regarding lucrative markets, as well
28 as those market segments that Canter had determined were not profitable to pursue. Also

1 included in the strategic plan were methods for increasing enrollment and thus the
2 profitability of Canter's long-term relationships with various educational institutions.
3 Within months of formulating the most recent three-year plan, however, the majority of the
4 individuals responsible for its development had obtained positions at Teachscope.

5 11. Although it had never before offered teachers' graduate level courses or
6 master's degrees in teaching, Teachscope began to negotiate agreements to offer these
7 programs to Canter's most profitable customers within months of hiring Canter's Former
8 Employees. The programs Teachscope offered also were in the same areas as those offered
9 by Canter. By using Canter's confidential information, Teachscope was able to focus only
10 on the partnerships and course offerings and programs that were profitable, thereby
11 avoiding the waste of time and resources on markets and programs that, through years of
12 research and analysis, Canter had already learned were not profitable. Overnight,
13 Teachscope was able to enter a market that Canter had spent years to develop—by utilizing
14 the knowledge of Canter's Former Employees.

15 12. In the course of developing relationships with its graduate course and
16 distance-delivered education master's degree program partners, Canter learned, at great cost
17 and effort, the particular requirements and preferences of each partner. This information
18 was not generally known to the public, and Canter went to great lengths to keep this
19 information confidential. Canter's Former Employees had access to this information during
20 their employment with Canter.

21 13. Canter developed various Corporate Investment Proposals, incorporating
22 proprietary and confidential research that it had done regarding the importance of targeting
23 Reading, Literacy and Mathematics as degree program growth areas. The access to this
24 information by Canter's Former Employees resulted solely from their employment with
25 Canter. In addition, Canter developed several programs for master's degrees with
26 concentrations in Math and Reading ("Math and Reading degrees"). The development of
27 the Math and Reading degrees was accomplished at great cost and effort to Canter.
28 Although before hiring Canter's Former Employees, Teachscope had not offered a master's

1 program in teaching, within months of employing them, Teachscope offered graduate level
2 courses and then a Masters in the Art of Teaching degree with a concentration in Reading
3 and Literacy and a concentration in Mathematics. Plaintiffs are informed and believe that
4 Teachscope relied upon and/or otherwise used information obtained by Canter's Former
5 Employees as a result of their employment with Canter in creating the course program and
6 corresponding materials.

7 14. Canter also developed a master's degree with a focus on Curriculum,
8 Instruction and Assessment (the "CIA degree"). The development of the CIA degree was
9 also accomplished at great cost and effort to Canter. Although before hiring Canter's
10 Former Employees, Teachscope had not offered a master's degree program in teaching,
11 within months of employing them, Teachscope announced its intention to offer a graduate
12 level course and then a Masters in the Art of Teaching degree with a concentration in
13 Curriculum, Instruction and Assessment. Plaintiffs are informed and believe that
14 Teachscope relied upon and/or otherwise used information obtained by Canter's Former
15 Employees as a result of their employment with Canter in creating this course and its
16 materials.

17 15. Furthermore, upon information and belief, Teachscope immediately offered its
18 new programs to one of Canter's long-term partners, Marygrove College ("Marygrove").
19 The terms of the agreement between Marygrove and Canter were confidential. Canter is
20 informed and believes that Teachscope and Canter's Former Employees misused Canter's
21 confidential information to offer Masters of Art in Teaching degree programs in partnership
22 with Marygrove. Canter is further informed and believes that Teachscope and Canter's
23 Former Employees misused the confidential contract terms between Canter and Marygrove
24 to negotiate with Marygrove on more favorable terms.

25 16. In or about September of 2006, Canter learned that Teachscope had
26 announced it would offer Math and Reading degrees through a partnership with Marygrove
27 beginning in 2007. The contract between Canter and Marygrove required Marygrove to
28 first offer any such opportunity to Canter on the same terms that it proposed to offer to a

1 third party. As no such offer had or ever did occur, this announcement reflected a breach by
2 Marygrove of its agreement with Canter. Moreover, at least one of Canter's Former
3 Employees was fully aware of this requirement in the terms of the Canter-Marygrove
4 contract.

5 17. On or about September 2006, Canter also learned that Teachscape was
6 preparing to offer a CIA degree through Marygrove. This directly contravened the terms of
7 the Canter-Marygrove contract, which specified that the CIA degree would be supplied to
8 Marygrove exclusively by Canter during the contract's term. Jaivin and perhaps others
9 among Canter's Former Employees were fully aware of this term of the contract as a result
10 of their employment with Canter.

11 18. Indeed, though it had never offered any master's degree programs before,
12 Teachscape marketed its CIA degree offered through Marygrove as "updated."

13 19. By marketing a degree offered through Marygrove College as "updated,"
14 Teachscape's advertising was untrue and misleading and likely to deceive the public in that
15 it implied that Teachscape's courses were updates or improvements of courses previously
16 offered at Marygrove. In fact, the only degree courses previously offered through
17 Marygrove were those offered in partnership with Canter. Thus, any reference to "updated"
18 Teachscape materials was untrue and misleading.

19 20. As a result of the conduct alleged above, Plaintiffs contacted both Teachscape
20 and Marygrove and inquired about the degree offerings Teachscape intended to launch
21 through Marygrove in early 2007. Marygrove denied the existence of any relationship
22 between Marygrove and Teachscape. Marygrove further stated that it had no knowledge of
23 any degree offerings by Teachscape through Marygrove that would be launched in 2007.
24 Teachscape, on the other hand, did not deny the relationship, but claimed that it was
25 unaware that its intended degree offerings through Marygrove in any way interfered with
26 any contractual obligations between Canter and Marygrove, despite the fact that several of
27 its key employees involved in the Marygrove transaction had negotiated the very terms at
28 issue.

21. Despite taking the strategy of denying any wrongdoing, Teachscape nonetheless thereafter withdrew its offering of the CIA program for the year 2007, implicitly acknowledging that the offering of the CIA degree program was a breach of the Canter-Marygrove contract. Upon information and belief, Teachscape also wrongfully induced Marygrove to breach its contract with Canter by agreeing to offer the Math and Reading programs on terms other than those offered to Canter, in violation of the parties' right of first refusal provision.

22. Upon information and belief, Plaintiffs further believe that Teachscape has engaged in the conduct alleged herein with respect to some or all of Plaintiffs' other profitable contractual relationships.

23. Canter's Former Employees were well aware of their duty of confidentiality to Canter. Each and every one of Canter's Former Employees signed Confidentiality Agreements upon commencing work with Canter. Furthermore, Teachscape knew or had reason to know that Canter's Former Employees had a continuing duty of confidentiality towards Canter, in part because it was so advised by Plaintiffs.

24. The distance-delivered education master's degree programs and graduate courses developed by Laureate contain wholly original material and are copyrightable subject matter under the laws of the United States. The following copyrights (hereinafter referred to collectively as "AudioVisual and Online Course Materials") are duly owned by and issued to Laureate:

(1) Title: Elementary Mathematics: Data Analysis and Probability; Class: Literary Work; Registration No. TX 6-524-253; Registration Date: April 10, 2007;

(2) Title: Number and Operations, Grades 6-8; Class: Literary Work; Registration No. TX 6-524-254; Registration Date: April 10, 2007;

(3) Title: Geometry and Measurement, Grades 6-8; Class: Literary Work; Registration No. TX 6-524-255; Registration Date: April 10, 2007;

(4) Title: Data Analysis and Probability, Grades 6-8; Class: Literary Work; Registration No. TX 6-524-256; Registration Date: April 10, 2007;

1 (5) Title: Algebra, Grades 6-8; Class: Literary Work; Registration No. TX
2 6-524-257; Registration Date: April 10, 2007;

3 (6) Title: Designing Curriculum, Instruction and Assessment, Part 1;
4 Class: Literary Work; Registration No. TX 6-524-258; Registration Date: April 10, 2007;

5 (7) Title: Elementary Mathematics: Algebra; Class: Literary Work;
6 Registration No. TX 6-524-259; Registration Date: April 10, 2007;

7 (8) Title: Elementary Mathematics: Geometry and Measurement; Class:
8 Literary Work; Registration No. TX 6-524-260; Registration Date: April 10, 2007;

9 (9) Title: Designing Curriculum, Instruction and Assessment, Part 2;
10 Class: Literary Work; Registration No. TX 6-524-261; Registration Date: April 10, 2007;

11 (10) Title: Elementary Mathematics: Number and Operations; Class:
12 Literary Work; Registration No. TX 6-524-262; Registration Date: April 10, 2007;

13 (11) Title: Supporting the Struggling Reader; Class: Literary Work;
14 Registration No. TX 6-524-263; Registration Date: April 10, 2007;

15 (12) Title: Planning and Managing the Classroom Literacy Program; Class:
16 Literary Work; Registration No. TX 6-524-264; Registration Date: April 10, 2007;

17 (13) Title: Instructional Models and Strategies; Class: Literary Work;
18 Registration No. TX 6-524-265; Registration Date: April 10, 2007;

19 (14) Title: Foundation of Reading and Literacy Development; Class:
20 Literary Work; Registration No. TX 6-524-266; Registration Date: April 10, 2007;

21 (15) Title: Strategies for Literacy Instruction, Part 1; Class: Literary Work;
22 Registration No. TX 6-524-267; Registration Date: April 10, 2007;

23 (16) Title: Strategies for Literacy Instruction, Part 2; Class: Literary Work;
24 Registration No. TX 6-524-268; Registration Date: April 10, 2007;

25 (17) Title: Teacher As Professional; Class: Literary Work; Registration No.
26 TX 6-524-269; Registration Date: April 10, 2007;

27 (18) Title: Collaborative Action Research; Class: Literary Work;
28 Registration No. TX 6-524-270; Registration Date: April 10, 2007;

1 (19) Title: Habits of Mind: Thinking Skills to Promote Self-Directed
2 Learning; Class: Literary Work; Registration No. TX 6-524-271; Registration Date: April
3 10, 2007;

4 (20) Title: Effective Teaching Using Learning Styles and Multiple
5 Intelligences; Class: Literary Work; Registration No. TX 6-524-272; Registration Date:
6 April 10, 2007;

7 (21) Title: Habits of Mind: Thinking Skills to Promote Self-Directed
8 Learning; Class: Performing Arts; Registration No. PA 1-367-170; Registration Date: April
9 10, 2007;

10 (22) Title: Collaborative Action Research; Class: Performing Arts;
11 Registration No. PA 1-367-171; Registration Date: April 10, 2007;

12 (23) Title: Effective Teaching Using Learning Styles and Multiple
13 Intelligences; Class: Performing Arts; Registration No. PA 1-367-172; Registration Date:
14 April 10, 2007;

15 (24) Title: Teacher As Professional; Class: Performing Arts; Registration
16 No. PA 1-367-173; Registration Date: April 10, 2007;

17 (25) Title: Instructional Models and Strategies; Class: Performing Arts;
18 Registration No. PA 1-367-174; Registration Date: April 10, 2007;

19 (26) Title: Foundations of Reading and Literacy; Class: Performing Arts;
20 Registration No. PA 1-367-175; Registration Date: April 10, 2007;

21 (27) Title: Strategies for Literacy Instruction, Part 1; Class: Performing
22 Arts; Registration No. PA 1-367-176; Registration Date: April 10, 2007;

23 (28) Title: Strategies for Literacy Instruction, Part 2; Class: Performing
24 Arts; registration number PA 1-367-177; Registration Date: April 10, 2007;

25 (29) Title: Supporting the Struggling Reader; Class: Performing Arts;
26 Registration No. PA 1-367-178; Registration Date: April 10, 2007;

27 (30) Title: Planning and Managing the Classroom Literacy Program; Class:
28 Performing Arts; Registration No. PA 1-367-179; Registration Date: April 10, 2007;

1 (31) Title: Designing Curriculum, Instruction, and Assessment, Part 2;
2 Class: Performing Arts; Registration No. PA 1-367-180; Registration Date: April 10, 2007;

3 (32) Title: Elementary Mathematics: Number and Operations, Grades K-5;
4 Class: Performing Arts; Registration No. PA 1-367-181; Registration Date: April 10, 2007;

5 (33) Title: Elementary Mathematics: Geometry and Measurement, Grades
6 K-5; Class: Performing Arts; Registration No. PA 1-367-182; Registration Date: April 10,
7 2007;

8 (34) Title: Algebra, Grades K-5; Class: Performing Arts; Registration No.
9 PA 1-367-183; Registration Date: April 10, 2007;

10 (35) Title: Elementary Mathematics: Data Analysis and Probability, Grades
11 K-5; Class: Performing Arts; Registration No. PA 1-367-184; Registration Date: April 10,
12 2007;

13 (36) Title: Number and Operations, Grades 6-8; Class: Performing Arts;
14 registration number PA 1-367-185; Registration Date: April 10, 2007;

15 (37) Title: Geometry and Measurement, Grades 6-8; Class: Performing
16 Arts; Registration No. PA 1-367-186; Registration Date: April 10, 2007;

17 (38) Title: Algebra, Grades 6-8; Class: Performing Arts; Registration No.
18 PA 1-367-187; Registration Date: April 10, 2007;

19 (39) Title: Data Analysis and Probability, Grades 6-8; Class: Performing
20 Arts; Registration No. PA 1-367-188; Registration Date: April 10, 2007; and

21 (40) Title: Designing Curriculum, Instruction, and Assessment, Part 1;
22 Class: Performing Arts; Registration No. PA 1-367-790; Registration Date: April 10, 2007.

23 25. Teachscape does not have authorization, consent, or license to reproduce,
24 make derivative works of, or otherwise utilize Laureate's copyrighted AudioVisual and
25 Online Course Materials described in paragraph 24 above.

26 26. Teachscape's course materials are not available to the general public. Instead,
27 they are available only to those students who are admitted to the Marygrove degree
28 programs or graduate courses. Absent consent, the only means by which Laureate could

1 obtain such materials was through a pretext, which Laureate deemed inappropriate.
 2 Laureate therefore has repeatedly requested that Teachscape provide to Plaintiffs, pursuant
 3 to a confidentiality agreement if necessary, copies of its materials, including all drafts and
 4 final product, to be used in its education master's degree programs and graduate courses for
 5 teachers. The purpose of the request was to allow Plaintiffs to evaluate whether there has
 6 been an infringement of Laureate's copyrighted materials. Teachscape has consistently
 7 refused to provide any drafts, or to provide any final course materials upon reasonable
 8 terms. Instead, Teachscape has repeatedly insisted upon unreasonable conditions to such a
 9 review.

10 27. Accordingly, and particularly in light of the false advertising, trade secret
 11 misappropriation, and other torts of Teachscape, Laureate has conducted a reasonable
 12 pre-filing inquiry into the similarity of Teachscape's materials to its own copyrighted
 13 works. Counsel for Laureate attempted to negotiate with counsel for Teachscape to obtain
 14 copies and drafts of the various course materials. Teachscape provided only vague and
 15 limited responses that conditioned any consideration of an exchange of materials upon
 16 Laureate meeting such unreasonable and unnecessary demands, that it was tantamount to a
 17 refusal to provide reasonable access to the materials. Laureate has therefore met its duty of
 18 reasonable inquiry imposed by Federal Rule of Civil Procedure 11. *See Hoffman-LaRoche*
 19 *Inc. v Invamed Inc.*, 213 F.3d 1359 (Fed. Cir. 2000); *Intamin, Ltd. v. Magnetar Techs.*
 20 *Corp.*, No. 05-1546, -1579 (Fed. Cir. Apr. 18, 2007).

21 FIRST CLAIM FOR RELIEF

22 (By Canter Against Teachscape For Misappropriation Of Trade Secrets
 23 In Violation Of California Civil Code §§ 3426 *et seq.*)

24 28. Paragraphs 1 through 27 above are hereby incorporated by reference.

25 29. Canter was in possession of trade secrets which consisted of, among other
 26 things, a proprietary methodology for identifying appropriate markets for its products,
 27 information regarding market segmentation, design of distance learning degree programs
 28 and methods for their accreditation, enrollment systems, and specific customer contacts and

1 preferences. All of these trade secrets provided Canter with both short- and long-term
2 advantages in the marketplace and were of substantial economic value to Canter.

3 30. Canter took great efforts to protect these valuable trade secrets, including but
4 not limited to requiring employees to sign agreements not to disclose Canter's confidential
5 information without express permission.

6 31. Canter's Former Employees had access to these trade secrets solely as a result
7 of their employment with Canter.

8 32. During its engagement of Canter's Former Employees, Teachscape
9 misappropriated the above-described trade secrets of Plaintiff by taking Canter's proprietary
10 knowledge about lucrative markets and using that knowledge without permission to market
11 Teachscape's competing services to Canter's current educational partners.

12 33. As a proximate result of the above-described misappropriations, Teachscape
13 was, and is being, unjustly enriched at the expense of Canter.

14 34. As a direct and proximate result of Teachscape's misappropriation of Canter's
15 trade secrets, Canter has suffered irreparable harm and will continue to suffer irreparable
16 injury that cannot be adequately remedied at law. Accordingly, Plaintiffs pray that
17 Teachscape, and its officers, agents, and employees, and all persons acting in concert with
18 it, be enjoined from engaging in any further such conduct.

19 35. Teachscape knew that its conduct would directly affect and impinge upon
20 Canter and its business, reduce its profits, and that it was certain that Canter would suffer
21 harm. Teachscape knew that Canter would rely upon Canter's Former Employees'
22 purported loyalty and confidentiality agreements not to misuse the confidential, proprietary
23 information of Canter, and knew that it was in the best position to know the consequences
24 of its intended actions, and knew that injuries would likely be suffered by Canter.
25 Notwithstanding this knowledge, Teachscape, in willful and conscious disregard of the
26 rights of Canter, repeatedly and intentionally misappropriated and misused Canter's
27 confidential, trade secret information to cause Canter harm and to advance Teachscape's
28 own pecuniary and other interests.

1 36. Teachscape's acts and omissions were so willful and malicious, and in such
2 reckless and conscious disregard of the rights of Canter so as to justify the award of
3 exemplary and punitive damages against Teachscape pursuant to California Civil Code
4 § 3426.3, in an amount to be determined at trial, but sufficient to punish such actions and to
5 deter such actions by Teachscape in the future.

6 37. Teachscape's acts and omissions were so willful and malicious, and in such
7 reckless and conscious disregard of the rights of Canter so as to justify the award of
8 Canter's reasonable attorneys' fees, pursuant to California Civil Code § 3426.4.

9
10 **SECOND CLAIM FOR RELIEF**

11 **(By Canter Against Teachscape For Intentional Interference
12 With Prospective Economic Relationship In Violation Of California Law)**

13 38. Paragraphs 1 through 27 above are hereby incorporated by reference.

14 39. Canter maintains client relationships and other economic relationships,
15 including prospective client relationships, with a number of educational institutions. These
16 relationships hold the probability of future economic benefit to Canter.

17 40. Teachscape knew or had reason to know of Canter's relationships with its
18 partners.

19 41. Teachscape used Canter's confidential information about its relationships with
20 its business partners to gain an unlawful competitive advantage, and to induce at least one
21 of Canter's existing partners to reject a Canter program and to replace it with a substantially
22 similar program offered by Teachscape.

23 42. These acts were intentional and wrongful, and designed to disrupt Canter's
24 relationship with its clients and prospective clients.

25 43. Canter's economic relationship with such clients and prospective clients were
26 actually disrupted as a result of Teachscape's wrongful acts.

27 44. As a direct and proximate result of Teachscape's intentional, wrongful, and
28 unjustified conduct, Canter's business prospects and relationships with clients have been

1 damaged. Canter has accordingly suffered and will continue to suffer damages directly and
2 proximately caused by Teachscape's conduct in an amount to be proven at trial.

3 45. As a direct and proximate result of Teachscape's interference with Canter's
4 prospective business, Canter has suffered irreparable harm and will continue to suffer
5 irreparable injury that cannot be adequately remedied at law. Accordingly, Canter prays
6 that Teachscape, and its officers, agents and employees, and all persons acting in concert
7 with it, be enjoined from engaging in any further such conduct.

8 46. Teachscape's actions as described above comprise a series of intentional
9 breaches of Canter's confidences with the intention on the part of Teachscape of thereby
10 depriving Canter of property or legal rights or otherwise causing injury to Canter.
11 Teachscape's conduct as described above was despicable conduct that subjected Canter to
12 cruel and unjust hardship, and that was carried out by Teachscape with a willful and
13 conscious disregard of the rights of Canter, notwithstanding Teachscape's knowledge of its
14 intended actions and the damages that would be suffered by Canter as a result of the
15 conduct of Teachscape.

16 47. Teachscape knew that its conduct would directly affect and impinge upon
17 Canter and its business, reduce its profits, and that it was certain that Canter would suffer
18 harm. Teachscape knew that Canter would rely upon Canter's Former Employees'
19 purported loyalty and agreement not to misuse the confidential, proprietary information of
20 Canter, and knew that Teachscape itself was in the best position to know the consequences
21 of its intended actions, and knew that injuries would likely be suffered by Canter.
22 Notwithstanding this knowledge, Teachscape, in willful and conscious disregard of the
23 rights of Canter, repeatedly and intentionally misappropriated and misused Canter's
24 confidential, trade secret information to cause Canter harm and to advance Teachscape's
25 own pecuniary and other interests.

26 48. Teachscape's acts and omissions were so willful and malicious, and in such
27 reckless and conscious disregard of the rights of Canter so as to justify the award of
28 exemplary and punitive damages against Teachscape pursuant to California Civil Code

1 § 3426.3, in an amount to be determined at trial, but sufficient to punish such actions and to
2 deter such actions by Teachscape in the future.

3 49. Teachscape's acts and omissions were so willful and malicious, and in such
4 reckless and conscious disregard of the rights of Canter so as to justify the award of
5 Canter's reasonable attorneys' fees, pursuant to California Civil Code § 3426.4.

6 **THIRD CLAIM FOR RELIEF**

7 **(By Canter Against Teachscape For Intentional Interference 8 With Contract In Violation Of California Law)**

9 50. Paragraphs 1 through 27 above are hereby incorporated by reference.

10 51. Canter and Marygrove had entered into a contract for provision of the CIA
11 degree. This contract guaranteed Canter the right of first refusal if Marygrove decided to
12 offer additional degree programs, which would include Math and Reading programs. In or
13 about 2005, Marygrove and Canter were in fact exploring the possibility of offering a
14 Reading degree program. Marygrove abruptly withdrew from those negotiations.
15 Subsequently, Canter learned that Teachscape would be offering this degree in partnership
16 with Marygrove.

17 52. Teachscape knew of these valid contracts between Canter and Marygrove, and
18 was in possession of confidential information about the terms of these contracts by virtue of
19 the Canter's Former Employees' employment with Canter.

20 53. Teachscape used Canter's confidential information in order to disrupt the
21 contractual relationship between Canter and Marygrove, by inducing Marygrove to attach
22 unacceptable conditions to any offer for Canter to partner with Marygrove in the offering of
23 Math and Reading degree programs.

24 54. Canter and Marygrove had entered into a contract for provision of CIA
25 degrees.

26 55. Canter was informed that Marygrove would offer a CIA degree, offered by
27 Teachscape, starting in January of 2007.

56. The CIA degree offered by Marygrove was described as “updated” in Marygrove’s published materials and on its website, and Canter is informed and believes that Teachscope’s degree essentially copies the program offered by Canter.

57. Canter questioned Marygrove about the “updated” CIA degree program, and was informed that it knew nothing about the CIA degree being marketed by Teachscape.

58. Canter questioned Teachscape about the CIA degree program it was apparently offering through Marygrove, and was told that it was unaware that such offering would violate the terms of any contract between Marygrove and Canter.

59. These misrepresentations and falsehoods, perpetrated by Marygrove and Teachscape, have damaged Canter.

60. Upon information and belief, Marygrove does not intend to renew its contract for the provision of the CIA degree with Canter.

61. Teachscape's interference with a contractual relationship has damaged Canter in an amount to be proven at trial.

62. Teachscape's acts and omissions were so willful and malicious, and in such reckless and conscious disregard of the rights of Canter so as to justify the award of exemplary and punitive damages against Teachscape pursuant to California Civil Code § 3426.3, in an amount to be determined at trial, but sufficient to punish such actions and to deter such actions by Teachscape in the future.

63. Teachscape's acts and omissions were so willful and malicious, and in such reckless and conscious disregard of the rights of Canter so as to justify the award of Canter's reasonable attorneys' fees, pursuant to California Civil Code § 3426.4.

FOURTH CLAIM FOR RELIEF

**(By Canter Against Teachescape For Untrue or Misleading Advertising
In Violation Of California Business & Professions Code §§ 17500 *et seq.*)**

64. Paragraphs 1 through 27 above are hereby incorporated by reference.

65. The acts described above constitute untrue or misleading advertising by Teachscape in violation of California Business & Professions Code §§ 17500 *et seq.*

Specifically, beginning on or about September 2006, Teachscape engaged in advertising to the public its offering of "updated" courses through Marygrove. Thereafter and through the present, Teachscape has described its new relationship with Marygrove in an untrue or misleading way for the purpose of misleading the public to believe that it has a long and successful track record in offering these programs through Marygrove, when in fact it does not.

66. By marketing the programs as "updated" and by implying a long-term successful partnership with Marygrove, Teachscape's advertising was untrue and misleading and likely to deceive the public in that it states that Teachscape's courses were updated courses previously offered at Marygrove. Upon information and belief, Teachscape's false and misleading advertising aroused suspicions that Teachscape was actually using Canter's intellectual property and/or leveraging off its brand name. Upon information and belief, Teachscape's false and misleading advertising caused actual confusion to prospective and current Marygrove students.

67. In making and disseminating the statements herein alleged, Teachscape knew, or by exercise of reasonable care should have known, that the statements were untrue or misleading and so acted in violation of California Business & Professions Code §§ 17500 *et seq.*

68. Canter is entitled to restitution for the benefits improperly garnered by Teachscape as a direct and proximate result of its acts of untrue or misleading advertising.

FIFTH CLAIM FOR RELIEF

**(By Laureate And Canter Against Teachscape For Unfair Competition
In Violation Of California Business & Professions Code §§ 17200 *et seq.*)**

69. Paragraphs 1 through 27 above are hereby incorporated by reference.

70. The acts described above constitute unfair competition by Teachscape in violation of California Business & Professions Code §§ 17200 *et seq.* Specifically, Teachscape's actions constitute efforts to misappropriate and misuse Canter's confidential

1 and proprietary information in furtherance of Teachscape's efforts to develop a competing
2 business.

3 71. Furthermore, Teachscape's advertising, as alleged above, constitutes unfair
4 competition in violation of California Business & Professions Code §§ 17200 *et seq.*

5 72. Teachscape has engaged in and continues to engage in unlawful, fraudulent
6 and unfair business practices. Teachscape's business practices as set forth above constitute
7 unfair competition within the meaning of Business & Professions Code §§ 17200 *et seq.* In
8 addition, these practices are immoral and unscrupulous and have been undertaken in
9 violation of policies established in the California Civil Code and California Labor Code.
10 Further, Teachscape's business practices serve no legitimate business purpose, and if any
11 purpose were found, the benefit to any alleged legitimate business interests of Teachscape is
12 far outweighed by the substantial harm to Plaintiffs that has resulted from the practices.

13 73. Plaintiffs are entitled to restitution for the benefits improperly garnered by
14 Teachscape as a direct and proximate result of its acts of unfair competition.

15 74. As a direct and proximate result of Teachscape's unfair conduct described
16 above, Plaintiffs have suffered irreparable harm, and will continue to suffer irreparable
17 injury that cannot be adequately remedied at law. Accordingly, Plaintiffs pray that
18 Teachscape be enjoined from engaging in any further such acts of unfair competition, and
19 that Teachscape be ordered to disgorge all ill-gotten profits to Plaintiffs and make
20 restitution to Plaintiffs.

21 SIXTH CLAIM FOR RELIEF

22 (By Canter Against Teachscape For False Or Misleading Advertising
23 Pursuant To The Lanham Act § 43(a), 15 U.S.C. § 1125(a))

24 75. Paragraphs 1 through 27 above are hereby incorporated by reference.

25 76. Teachscape's advertising of the CIA degree courses was false and misleading
26 in that they characterized as "updated" courses which had never previously been offered by
27 Marygrove.

78. Teachscape's description of the degree offerings was likely to and in fact did mislead the public regarding the courses offered, through Marygrove, by Canter.

80. In making and disseminating the statements herein alleged, Teachscape knew, or by exercise of reasonable care should have known, that the statements were untrue or misleading and so acted in violation of the Lanham Act § 43(a), 15 U.S.C. § 1125(a).

82. Canter is entitled to damages in an amount to be proven at trial.

**(By Laureate Against Teachscape For Copyright Infringement
Pursuant To The Copyright Act, 17 U.S.C. §§ 501 *et seq.*)**

84. Laureate is informed and believes and thereon alleges that, at least as of May 2007, Teachscape has deliberately and willfully infringed Laureate's copyrights in AudioVisual and Online Course Materials by making copies and derivative works from.

85. Due to Teachscape's refusal to provide access to the materials at issue despite demand, combined with other acts alleged herein, Laureate has a reasonable basis to infer that Teachscape is deliberately and willfully infringing on Laureate's registered copyrights, pursuant to the Copyright Act, 17 U.S.C. §§ 101 *et seq.*

86. The acts of Teachscape infringe, and will continue to infringe, Laureate's copyrights in and relating to the AudioVisual and Online Course Materials.

87. Teachscape's conduct has deprived, and continues to deprive, Laureate of the benefits of licensing the AudioVisual and Online Course Materials. Teachscape has further

1 been unjustly enriched by its copying and use of the AudioVisual and Online Course
2 Materials, and works derived therefrom in its business.

3 88. By reason of Teachscape's acts alleged herein, Laureate has suffered damage
4 in an amount to be proved at trial.

5 89. Teachscape threatens to continue to do the acts complained of herein, and
6 unless restrained and enjoined will continue to do so, all to Laureate's irreparable damage.
7 Laureate does not have an adequate remedy at law to compensate it for injuries threatened.
8 Laureate is therefore entitled to an injunction restraining Teachscape, its officers, agents and
9 employees, and all persons acting in concert with it, from engaging in further acts in
10 violation of copyright law.

11 90. Laureate is informed and believes and thereon alleges that Teachscape's
12 infringement of Laureate's copyrights was and is willful and deliberate, entitling Laureate
13 to recover enhanced damages and its attorneys' fees.

14 **PRAYER FOR RELIEF**

15 91. WHEREFORE, Plaintiffs pray as follows:

16 A. For a preliminary and permanent injunction prohibiting Teachscape
17 from directly or indirectly using, selling, offering to sell, licensing, offering to license,
18 disclosing or distributing in any manner Plaintiffs' confidential, proprietary information and
19 trade secrets, or making any derivative works therefrom;

20 B. For a preliminary and permanent injunction prohibiting Teachscape
21 from wrongfully interfering with Plaintiffs' business relations;

22 C. For injunctive relief prohibiting Teachscape from continuing to engage
23 in the unlawful conduct alleged herein;

24 D. For a preliminary and permanent injunction prohibiting Teachscape
25 and all persons or entities acting in concert with it, from infringing Laureate's copyrights,
26 including reproducing or distributing materials which infringe Laureate's copyrights in the
27 AudioVisual and Online Materials, and making derivative works thereof;

28

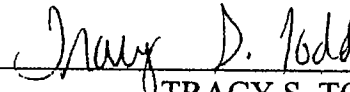
- 1 E. For entry of relief immediately impounding all copyright infringing
2 articles in Teachscape's possession;
- 3 F. For general and special damages according to proof at trial;
- 4 G. For disgorgement of all profits;
- 5 H. For restitution of ill-gotten gains;
- 6 I. For a finding that the copyright infringement by Teachscape was
7 willful, and for an additional award for its willful infringement;
- 8 J. For an award to Plaintiffs of their actual damages and additional profits
9 of the infringer, or statutory damages resulting from Teachscape's copyright infringement;
- 10 H. For exemplary and punitive damages;
- 11 I. For attorneys' fees and costs of suit incurred as a result of this lawsuit;
- 12 and
- 13 J. Award of such other, further, and different relief as the Court deems
14 proper under the circumstances.

15 Dated: June 19, 2007

Respectfully submitted,

HELLER EHRMAN LLP

17
18 By



TRACY S. TODD

19 Attorneys for Plaintiffs
20 CANTER AND ASSOCIATES, LLC and
21 LAUREATE EDUCATION, INC.
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DEMAND FOR JURY TRIAL

In accordance with Federal Rule of Civil Procedure 38(b), Plaintiffs Canter & Associates, LLC and Laureate Education, Inc. demand a trial by jury on all issues triable by a jury.

Dated: June 19, 2007

Respectfully submitted,

HELLER EHRMAN LLP

By Tracy S. Todd
TRACY S. TODD

Attorneys for Plaintiffs
CANTER AND ASSOCIATES, LLC and
LAUREATE EDUCATION, INC.

CERTIFICATE OF INTERESTED ENTITIES OR PERSONS

In accordance with Civil Local Rule 3-16, the undersigned certifies that the following listed persons, associations of persons, firms, partnerships, corporations (including parent corporations) or other entities (i) have a financial interest in the subject matter in controversy or in a party to the proceeding, or (ii) have a non-financial interest in that subject matter or in a party that could be substantially affected by the outcome of this proceeding:

Plaintiff Canter & Associates, LLC is a wholly owned subsidiary of Plaintiff Laureate Education, Inc.; and Plaintiff Laureate Education, Inc. is a publicly traded company without any individual or entity owning 10% or greater.

Dated: June 19, 2007

Respectfully submitted,

HELLER EHRMAN LLP

By Tracy S. Todd
TRACY S. TODD

Attorneys for Plaintiffs
CANTER AND ASSOCIATES, LLC and
LAUREATE EDUCATION, INC.